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Highlight

Vietnam stock market among world's best performers in Jan-May

VIETNAM BUSINESS REVIEW

What's in it today?

Vol 20, May 26th 2021



FINANCE

Vietnam stock market among world's best performers in Jan-May

VN-Index inches closer to 1,300 point-level



E-COMMERCE

Vietnam e-commerce platforms may lose home ground
The fatal weakness of Vietnam e-commerce



RETAIL

Masan in strategic tie-up with Phuc Long to open coffee-tea kiosks at VinMart+ stores
Coffee shop chains increase presence



INVESTMENT

Foreign enterprises place trust, raise investment in Dong Nai

Investment in HCM City industrial parks, zones up 23%

More investors flock to smart-home market

Proptech firms catch the eye of foreign investors



ENERGY

SP Group partners BCG Energy to grow renewable energy portfolio in Vietnam

Wind power sector attractive to investors, construction firms



LOGISTICS

E-commerce boom triggers cold storage shortage

Buy2Sell Vietnam joins with CJ Logistics to boost innovation

FINANCE

Vietnam stock market among world's best performers in Jan-May

Vietnam's stock market remained among the world's best performers in the first five months as the benchmark Vn-Index rose by 16.31% against early 2021 to 1,283.93 points at the close on May 21, according to StockQ.

6 months		YTD		1 year	
Index	Change	Index	Change	Index	Change
Austria	37.58%	Abu Dhabi	29.19%	Luxembourg	68.16%
Abu Dhabi	32.65%	Luxembourg	26.97%	Nigeria	64.49%
Vietnam	29.69%	Austria	23.84%	Rus 2000	64.27%
Luxembourg	26.97%	Sweden	19.53%	Austria	64.00%
Russia	24.30%	Rus 3000 value	16.81%	India	63.39%
Rus 2000	24.24%	Vietnam	16.31%	Abu Dhabi	58.47%
Greece	24.03%	Nigeria	15.70%	Korea	57.95%
Korea	23.61%	Paris	15.04%	Vietnam	48.82%
Rus 3000 value	23.29%	Spain	13.49%	Chinext	48.29%
Czech	23.01%	Jordan	13.42%	Taiwan	48.09%

Vn-Index expanded by 16.31% year-to-date. Source: StockQ

In addition to the index's strong growth, market liquidity has been improved in the past months with an average transaction value of over VND20 trillion (US\$865 million) per session.

Chairman of the SSI Securities Corporation (SSI) Nguyen Duy Hung at a recent annual shareholder meeting expected 2021 "to be a good year for the local stock market" and predicted the Vn-Index to hover around 1,300-1,400 this year.

"The first reason would be the stable macro-economic conditions with no sign showing a financial crisis being on the horizon. Secondly, people are still moving their money from saving accounts to the stock market," Hung explained, saying such a large amount led to many securities firms using up all of their margins but more is still coming in.

Hung also highlighted a positive note that the contribution of foreign capital to the Vn-Index is on the decline, as domestic investors are emerging as growth drivers.

Data from the Viet Securities Depository (VSD) showed local investors opened nearly 367,000 new securities accounts in just a four-month period, equivalent to 93% of the number of new accounts for the whole of 2020.

While foreign investors have been keeping their net-selling position, Hung said the trend is a normal market practice, and moreover, the market still grows strong with high liquidity.

“Foreign investors are in the market for the profit and would pull out when meeting their expectations. But new foreign investment funds would emerge and pump money into the market,” he said.

In addition to strong domestic capital inflows, Bao Viet Securities Company (BVSC) suggested the cheap price to earnings (P/E) of the Vn-Index, currently at 17.5 as provided by Bloomberg data, is much lower than other benchmarks in the regions.

This, coupled with the earning per share (EPS) of enterprises at over 20%, higher than regional markets, is turning the Vietnamese stock market into a more attractive destination, it noted.

Meanwhile, the expectation that the market could soon be upgraded from the current frontier market status to an emerging market in the 2022-2023 period is supporting the growth. An estimate from VnDirect securities company suggested once the move is materialized, foreign capital inflows into Vietnam could be around US\$2 billion.

However, for the market to continue its upward trend, the SSI executive said the key issue would be to ensure smooth operation of the transaction system and prevent overload issues from recurring as in the past months.

VN-Index inches closer to 1,300 point-level

Vietnam's stock market opened Monday on a positive note, heading to new historic high of 1,300 points. Meanwhile, foreign investors still fled the market with a total net sell value of nearly VND668 billion.



Vietinbank's employees talking to customers during trading hours at the bank's office. The bank shares jumped over 6% in Monday's trade. Photo Chinhphu.vn

The market benchmark VN-Index on the Hồ Chí Minh Stock Exchange (HoSE) closed the trading day at 1,297.98 points, edging 14.05 points higher, or 1.09%. Last week, the index gained 1.39%.

The market breadth stayed positive with 259 stocks rising while 158 stocks slid. And 46 stocks ended flat.

The liquidity surged as local investors poured nearly VND23.64 trillion into the market, equivalent to over 715.5 million shares being traded.

Bao Viet Securities Company said that the market is expected to fall in the last session.

"The VN-Index will face strong fluctuations when it approaches the resistance territory of around 1,285 points," the securities firm added.

According to the company, the market and stock groups will not receive much supportive information during this period. Therefore, the market continues to see strong divisions between stocks' lines, as well as some large-cap stocks.

The market was supported by pillar stocks, especially stocks in banking, material and real estate sectors.

The VN30-Index, tracking 30 biggest stocks on HoSE, posted a gain of 0.38% to 1,430.48 points. Twenty-three of 30 stocks in the VN30 basket jumped, while only seven stocks fell.

Vietinbank (CTG) was still the leader of the market's rally, up 6.11%. Other stocks like Vietnam Rubber Group (GVR), Vinhomes JSC (VHM), JSC Bank For Investment and Development of Vietnam (BID) and Vietnam Dairy Products JSC (Vinamilk, VNM) also witnessed outstanding performance with these stocks up in the range of 2 - 7%.

On the Hanoi Stock Exchange (HNX), the HNX-Index climbed 0.79% to 300.33 points. The index was also boosted by large-cap stocks as the HNX30-Index increased 1.44% to 453.52 points.

During the trading session, over 110.87 million shares were traded on the northern bourse, worth VND2.54 trillion.

Despite the market remaining bullish, foreign investors kept fleeing as they net sold a total value of nearly VND668 billion.

Of which, they net sold a value of VND645.3 billion on HoSE, a value of VND3.86 billion on HNX and a value of VND18.82 billion on UPCOM. VNS

[Back to top](#)

E-COMMERCE

Vietnam e-commerce platforms may lose home ground

Vietnamese businesses need to prepare and move ahead to win the e-commerce race.

At the end of 2019, Adayroi announced its closure, ending the expectation that Vietnamese e-commerce firm could compete with foreign rivals. This showed that local businesses cannot compete with foreign competitors in this fierce battle.

With the support and ecosystem of Vingroup, Adayroi had a strong foundation for development. Before announcing its closure in December 2019, Adayroi had been regularly named among the most used e-commerce websites in Vietnam. The death of the e-commerce platform shows that economic potential is only one factor in competition.

Not only Adayroi, many other e-commerce websites in Vietnam such as Lotte.vn, Robins.vn, and VuiVui had to close because they did not have sufficient resources to join the money-burning race to win the market. Later, the "death" of Beyeu.com, Deca.vn, Lingo.vn, Lamdiu.com, Foreva.vn, Zalora showed how fiercely competitive the e-commerce market is.

Announcing its closure, the development team of Beyeu.com said: "E-commerce needs a lot of money. Many businesses will decide to stop burning money. Good luck to those trying!" This is considered a warning that the e-commerce market is not for the masses.

Seeing the market potential early, these businesses did not have enough resources to stay until they could harvest "sweet fruit", especially when Vietnamese users at that time did not have the habit of shopping online.

Doanh nghiệp	Lượng truy cập web mỗi tháng	xếp hạng iOS	xếp hạng Android	Youtube	Instagram	Facebook
1  Shopee VN	68.590.300	#1	#1	355.000	205.230	19.908.430
2  Thế Giới Di Động	31.428.700	#10	#7	769.000	2.450	3.610.140
3  Tiki	22.263.500	#3	#4	388.000	146.080	2.975.920
4  Lazada VN	20.830.800	#2	#2	248.000	103.940	30.461.780
5  Điện Máy Xanh	16.341.800	#9	#8	519.000	n/a	1.688.400
6  Sendo	11.194.500	#4	#3	153.000	20.040	2.920.240
7  Điện Máy Chợ Lớn	6.404.100	#12	#11	4.130	3.130	689.540
8  FPT Shop	6.232.600	n/a	#12	233.000	20.900	2.511.170
9  CellphoneS	5.662.600	n/a	n/a	2.770.000	63.500	682.580
10  Hoàng Hà Mobile	4.880.000	n/a	n/a	81.100	11.800	717.890

Ranking and web visits of e-commerce sites. Source: iPrice Group

Potential to win the market

According to the Vietnam E-commerce Association (VECOM), Vietnamese e-commerce had a growth rate of 15% in 2020 and earned revenue of about \$13.2 billion. Google, Temasek and Bain & Company also forecasted that the market size will be larger, reaching \$52 billion by 2025. The pie continues to grow, but it is held by a few giants.

Reports by iPrice Group and SimilarWeb show that Shopee leads in terms of web visits and app rankings on Android and iOS platforms and its position is far behind the rest. In 2020, Shopee attracted 68.5 million web visits while the total number for Sendo, Tiki and Lazada was 54.2 million.

So far, the market situation has not changed much, especially when the M&A deal between Tiki and Sendo was missed. But 2020 also saw an improvement of Vietnam's e-commerce platforms. iPrice report also said that of the top 10 e-commerce floors with the highest traffic in 2020 in Southeast Asia, there were five Vietnamese names, including Mobile World, Tiki, Sendo, Bach Hoa Xanh and FPT Shop.

According to VECOM, during the epidemic, Vietnamese enterprises became more dynamic in applying technology, and changing organizational structure and business activities.

The fact shows that domestic enterprises that are still standing have flexible business models and determine their own direction instead of just focusing resources on building multi-channel e-commerce platforms. This is achieved by not relying on foreign technology and investment capital. Thus, they can change operations flexibly to respond to any changes in the market.

Some businesses also go into niche markets, providing products that are the strength of the Vietnamese market or reaching rural and remote areas to expand their markets and customers.

Solving national problems is direction of e-commerce

In his speeches, Minister of Information and Communications Nguyen Manh Hung has repeatedly emphasized that Vietnamese businesses must master technology and use technology to solve Vietnamese problems, thereby reaching out to the world.

In the field of e-commerce, the market is fertile but the key centers are Hanoi and Ho Chi Minh City, while people in remote and remote areas have not been able to access this convenient buying/selling channel. This can be a fertile land for Vietnamese businesses to explore.

Minister Nguyen Manh Hung once said that when opening an iPad, one would see a supermarket entering his house. Supermarkets have arrived in every household. Anyone who can bring goods to each of these households owns a chain of 24 million supermarkets.

The information and communication industry said that the postal infrastructure will be transformed from delivering newspapers, letters into the infrastructure for physical flow for the digital economy. Besides the data flow, the postal infrastructure will become a lifeline of e-commerce.

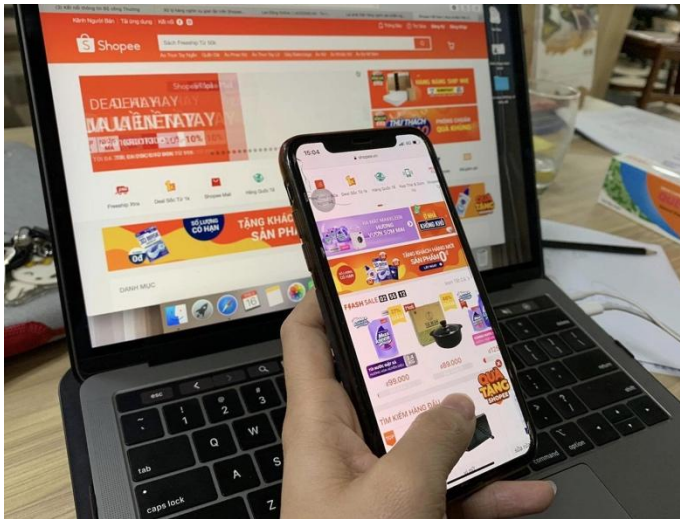
In the Directive to launch the campaign on applying Vietnamese technology in digital life, the Ministry of Information and Communications advocated the development of platforms to support goods delivery in e-commerce activities, by prioritizing platforms, applications and services to support the transport of goods from the place of supply to the place of consumption through e-commerce transactions.

The fatal weakness of Vietnam e-commerce

Many e-commerce firms still hold a traditional business mindset that does not keep up with the 4th industrial revolution as the companies lack interactions with customers.

In early 2021, Mr. Nam Truong (Hanoi) wanted to buy a new washing machine. Searching on the Internet, he saw that prices were different, so he used a price comparison tool to find the most reasonable price. Through two price comparison websites (websosanh and sosanhgia), Truong was led to a list of sellers.

However, when placing an order on the supplier's page, he did not receive any confirmation by email or phone from the seller. Calling the phone numbers on their website, he failed to reach one and one was available but the seller said the product Truong ordered was out of stock and recommended another product that was more expensive.



The seller even said that the price posted on their website was for advertising only. The final price that customers have to pay for the product is equal or higher than the similar product on e-commerce sites of the sellers in the TOP 50 largest retailers in Vietnam.

This is not that common, but with some tricks, such businesses still remain at the top of search pages or are recommended.

This is the biggest weakness of Vietnamese e-commerce: lack of transparency and unfair competition. The most common behaviors

are acts of unfair competition or dumping, blinding competitors, taking advantage of online advertising and marketing channels to provide false information about products, quality of goods and services, and about prices of businesses, especially small and medium sized.

Unprofessional customer care

Many e-commerce businesses still have a mindset that has not kept up with the 4.0 era. They lack interaction with customers through online support, customer care call centers or online chat tools that can answer customers' questions about products and services or solve complaints.

Many Vietnamese businesses have set up customer service call centers, but customers have to pay a fee. A survey of the top 10 most prestigious banks in Vietnam in 2020 showed that 8 of these 10 banks have a fee-based customer service number.

A survey of the Top 15 e-commerce floors in Vietnam in 2020 also showed that, (except for Mobile World, Bach Hoa Xanh, FPT Shop, Cellphones, Nguyen Kim, Juno that have free-of-charge customer care switchboard systems), the remaining e-commerce businesses/e-commerce trading floors all have fee-based customer service call centers (Shopee, Lazada, Tiki, Sendo, Cholon Electronics, Meta, Hoang Ha Mobile, Mediamart).

According to another survey conducted of local airlines Vietnam Airlines, Vietjet Air, Bamboo Airways, Vietravel Airlines, these airlines all use the number 1900xxxx to collect charges when customers call, and some carriers do not specify the call charge per minute.

At many e-commerce websites, employees usually check products after receiving them from the manufacturer, claiming that they are checking whether products are correct and complete (eg at Mobile World, Cellphones,...). Businesses can argue that this is necessary and is their sales policy, but for customers, when receiving a product with the product stamp removed or even with all packaging removed, accessories replaced or trialed, and the warranty activated, then it is clear that the product is no longer an original one.

The sellers argue that they do so to protect customers but in fact there are manufacturers who require delivery of the original products, with the seal intact to customers, so that the customer can directly check the product. If there is any error, the manufacturer is ready to exchange it with a new one.

The argument that the product may be broken or lack accessories does not comply with the enterprise's commitments when setting up, announcing or registering an e-commerce website with the Ministry of Industry and Trade.

The Department of E-commerce and Digital Economy said that in order to create a healthy environment and support e-commerce activities, the agency is urgently completing policies and legal documents on e-commerce and digital economy.

The Ministry of Industry and Trade has developed and submitted to the Prime Minister Decision No. 645/QĐ-TTg dated May 15, 2020 approving the National E-commerce Development Master Plan for the 2021-2025 period.

The Ministry of Industry and Trade is compiling a decree to amend and supplement a number of articles of the Government's Decree No. 52/2013/ND-CP dated May 16, 2013 on e-commerce in order to build and perfect an ecosystem for the development of e-commerce and the digital economy, to have solutions to support businesses operating in this field, build markets and improve consumer confidence in e-commerce, and strengthen the capacity of infrastructure and supporting services for e-commerce.

[Back to top](#)

ENERGY

SP Group partners BCG Energy to grow renewable energy portfolio in Vietnam

SP Group has signed a memorandum of understanding with BCG Energy Joint Stock Company, a wholly owned subsidiary of Bamboo Capital, that provides it exclusive rights to purchase 49% of the latter's subsidiary, Skylar Joint Stock Company.



SP Group is a leading utilities group in the Asia Pacific that enables a low-carbon, smart-energy future for its customers

Skylar currently has 61.1MWp of rooftop solar assets in operations located across 14 provinces across Vietnam.

Under the agreement, SP and BCG Energy will also jointly explore opportunities to invest in other solar power projects to enhance Vietnam's electricity supply capacity and support its ambitious goal of increasing the rate of electricity produced from renewables to about 32% by 2030.

Skylar specialises in rooftop solar and the development and deployment of solar rooftop assets on factories and industrial zones.

BCG Energy is regarded as a pioneer developer in Vietnam's renewable energy industry. In recent years it has focused on researching into and implementing renewable energy projects to create an alternative supply.

It has been working closely with the world's leading players in the solar industry on solutions, technology, infrastructure development, environmental solutions, as well as analysis and research of local energy needs. These partnerships have accelerated BCG Energy's investments made in large renewable energy plants across Vietnam.

BCG Energy chief executive officer Phạm Minh Tuấn said: "Our vision is to become one of the market leaders in renewable energy in Vietnam and Asia. We aim to develop 1.5 GW by 2023 of solar farms and wind farms and an additional 500 MW rooftop solar on industrial zone and manufacturing facilities across Vietnam over the next few years".

SP's group chief executive officer, Stanley Huang, said: "Vietnam is a key strategic market for SP and this collaboration with BCG Energy will create a strong platform for us to invest in renewables projects by leveraging the strengths of both parties."

In December last year SP established its Vietnam office in HCM City.

By extending its capabilities in sustainable energy and digital solutions, SP aims to create value-added solutions for its customers in Vietnam and establish SP's position as a leading sustainable energy solutions player in Asia Pacific.

SP Group is a leading utilities group in the Asia Pacific that seeks to enable a low-carbon, smart energy future for its customers. It owns and operates electricity and gas transmission and distribution businesses in Singapore and Australia, and sustainable energy solutions in Singapore and China.

As Singapore's national grid operator, about 1.6 million industrial, commercial and residential customers benefit from its world-class transmission, distribution and market support services.

These networks are amongst the most reliable and cost-effective world-wide.

Beyond traditional utilities services, SP Group provides a suite of renewable and sustainable energy solutions including solar energy solutions, microgrids, cooling and heating systems for business districts and residential townships, electric vehicle fast charging and green digital energy management tools for customers in Singapore and the region.

BCG Energy is the holding company for renewable energy assets under Bamboo Capital JSC, a company listed on the Ho Chi Minh Stock Exchange.

BCG Energy was founded in 2017 as a key pillar in BCG's long-term growth strategy. Aligned with the Government's directive for renewable power, BCG Energy focuses on development and operation of ground-mounted and rooftop solar assets in Vietnam.

As part of its strategy to achieve 2 GW of capacity by 2023, BCG Energy also intends to diversify its portfolio into floating solar, wind power, and LNG projects in the future.

Skylar JSC, its subsidiary, concentrates on rooftop solar, and is hailed by its partners for its ability to implement projects on schedule.

In 2020 it installed nearly 50 MW of rooftop solar in many provinces and cities across Vietnam.

In 2021-22 it is expected to install another 250 MW.

Wind power sector attractive to investors, construction firms

With an increasing demand for electricity in Vietnam, the wind power construction sector has flourished, with local and foreign firms getting in on the action.

A top executive at Cotecons, one of the biggest realty firms in Vietnam, told media the firm may invest in wind power construction due to the opportunities on offer.

Cotecons' deputy general director Phan Huu Duy Quoc said: "We are associated with a large consulting enterprise in the power industry to participate in the bidding as an EPC general contractor of wind power projects," adding, "In the future, we may consider investing in the field."

Similar to Cotecons, realty firm Phat Dat is considering investing in wind power while construction firm Licogi 16 is awaiting Government approval to implement four wind power projects in Gia Lai and Quang Tri provinces with its Japanese and German partners.

Licogi 16 said it was studying some offshore wind power projects for potential future investment.

The firm Power Construction 1 plans to finish 3 wind power projects of Lien Lap, Phong Huy and Phong Nguyen in Quang Tri Province before October 31 as it continues to survey, research and develop new projects in other areas.

With its experience from the construction of large hydroelectric and irrigation projects, the firm Construction 47 also plans to expand its work into wind power in the near future while the SCI E&C Company will execute the wind power projects Hường Phùng 2&3, Gelex 1,2,3 and Hường Linh 7&8 in Quang Tri Province.

Known as the leading foundation engineering and underground construction company in Vietnam, FECON Corporation is also building six wind power plants across the country.

Quoc from Cotecons told local media: “The profit margin for civil construction is approximately 5%, while infrastructure and wind power construction can make a higher profit.”

According to a report from Vietnam Electricity (EVN), as of March 22, there were about 4.4GW of wind power projects under construction while a remaining 6.2GW would be developed in 2022-2025, based on the draft Power Master Plan 8.

Lots of foreign investors have also been reported to be mulling an investment in Vietnamese wind power.

Less than a month after Trung Nam Group inaugurated the largest wind farm of Vietnam in Ninh Thuan, Hitachi SE's renewable energy business expanded its market to Vietnam by signing a strategic co-operation agreement with the group, buying more than 35% of the stake in the wind farm on May 14.

Seeing Trung Nam Group's 151.95 MW wind farm worth VND4 trillion (US\$172.4 million) with an estimated output of 432,000,000 kWh per year, as a quality, long-term and effective project, the Japanese investor bought in as a way to further implement renewable energy projects in Vietnam.

This month, the Central Highlands province of Đắk Lắk granted in-principle investment approval to six foreign-funded wind power projects worth more than VND10.08 trillion while the People's Committee of Hậu Giang Province did the same thing for a VND3.2 trillion wind power plant project from Hong Kong's Envision Energy Company.

According to SSI Research, assuming electricity consumption growth of about 7.6 to 8% in 2022-2025, there was still room to deploy a wind power project with a capacity of 6.2GW.

According to the World Bank's assessment, Vietnam is the country with the largest wind power development potential of Laos, Thailand, Cambodia and Vietnam, with more than 39% of Vietnam's total area estimated to have an average annual wind speed per year greater than 6m per second at an altitude of 65m, equivalent to a capacity of 512 GW. — VNS

[Back to top](#)

RETAIL

Masan in strategic tie-up with Phuc Long to open coffee-tea kiosks at VinMart+ stores

The Sherpa Company Limited, a subsidiary of Masan Group Corporation, announced on Monday the signing of an agreement to acquire 20% of Phuc Long Heritage Joint Stock Company for US\$15 million.



A Phuc Long kiosk at a Vinmart+ store in HCM City

The latter owns Phuc Long, one of the leading tea and coffee brands in Vietnam.

As part of the transaction, VinCommerce entered into a strategic co-operation agreement with Phuc Long to jointly develop ‘Phuc Long Kiosk’ at more than 2,200 VinMart+ stores nationwide.

Phuc Long Kiosk will bring fresh and delicious tea and coffee drinks to 100 million Vietnamese consumers, playing an important part in converting the VinMart+ stores into a destination that satisfies the daily essential needs of consumers of all ages.

Vietnam’s tea and coffee market is valued at \$2.3 billion and expected to grow by more than 10% a year. But branded tea and coffee retail chains, including popular brands such as Highlands Coffee (over 300 stores), The Coffee House (over 150 stores) and Starbucks (over 70 stores), only account for 25% of the market.

Given a young consumer base that aspires for innovative products and services, both Masan and Phuc Long believe that branded tea and coffee chains will explode in the next decade.

With the trial results of four kiosks in HCM City in the last three months, the two sides are confident of achieving the target of 1,000 Phuc Long Kiosks in the next 18-24 months.

Lam Boi Minh, founder of Phuc Long Heritage, said, “After 50 years of experience growing and developing the highest quality of tea leaves and coffee beans coupled with relentless innovation and strong passion, the Phuc Long team has created for consumers coffee and tea drinks with unrivalled quality.

“We are proud to have achieved important milestones in our first phase of development - building a network of 82 stores and a Phuc Long brand that is trusted and loved by consumers, especially youths.

“I believe that by partnering with Masan Phuc Long will unlock the next phase of growth and continue to offer Vietnamese consumers high-quality products and delightful experiences in enjoying tea and coffee drinks while making Phuc Long a long-lasting brand for many generations.”

Truong Cong Thang, CEO of VinCommerce, said: “As two Vietnamese power brands who are synergising their strengths, VinMart+ and Phuc Long are proud to serve Vietnamese people by uplifting their material and spiritual lives. Masan deeply appreciates the achievements of Phuc Long, as well as the passion and enthusiasm of its founder Lâm Bộ Minh.

“I believe that in combining the Phuc Long products and VinMart+ network of more than 2,200 stores today and 10,000 stores in the next five years, we will provide 100 million Vietnamese consumers with the opportunity to enjoy the freshest, most delicious tea and coffee drinks. With the goal of serving daily essential products that meet ‘The Very Best of Fresh’ standards, we believe that each VinMart+ store will transform into a symbol of modern lifestyle, a destination for all ages, from youths to housewives, across Vietnam.

“In the near future we hope to take the Phuc Long tea and coffee brands global, contributing to spreading our cultural identity and promoting the signature drinks of Vietnam. At the same time this partnership also helps speed up Masan’s strategy to develop the Point of Life consumer ecosystem.”

Under the agreement with VinCommerce, Phuc Long Kiosk will share 20% of its revenues with VinMart+.

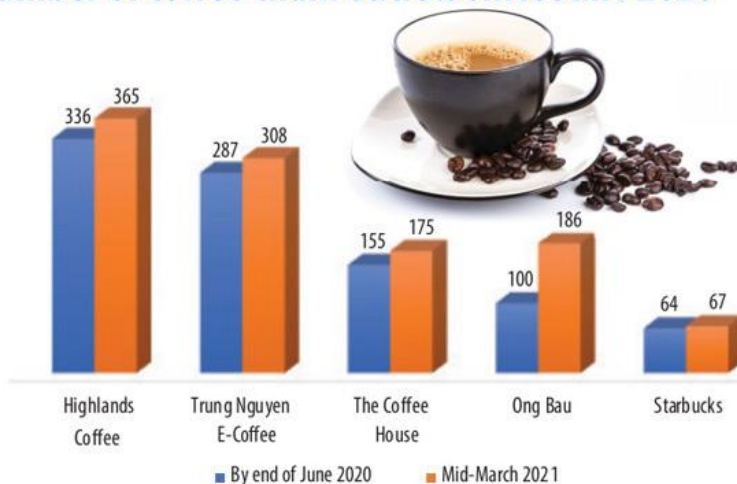
If the results of the trial are an indication, the partnership will increase the profit margin for VinMart+ by more than 4%.

Founded in 1968 at Bao Loc, the upland famous for its tea, and with its first retail store opened in HCM City, Phuc Long began supplying high-quality coffee and tea products in which the traditional Vietnamese taste was preserved and combined with an appealing modern style. — VNS

Coffee shop chains increase presence

Despite the pandemic restrictions, the race to open more shops between coffee brands continues full steam ahead.

Number of coffee chain outlets since June 2020



After only five months presence in Vietnam, last month Thai coffee chain Café Amazon announced its plan to open even more stores nationwide this year. A representative of the chain said that Vietnam is still a highlight for investment, even amid the global health crisis.

At present, Café Amazon has five outlets, two in Ho Chi Minh City and three inside stores of the Go! Supermarket chain in Tien Giang,

Ben Tre, and Tra Vinh provinces. Xuan Nguyen, marketing officer at Café Amazon, said that his firm has

plans to expand outlets across the country, with Ho Chi Minh City and surrounding cities and provinces as priority locations, but specific figures were not revealed.

Meanwhile, Starbucks is also promoting the opening of new stores in Vietnam after more than a year of delayed plans due to the pandemic. Since the beginning of 2020, Starbucks has just opened six new stores, bringing the total number of stores in Vietnam to 68.

Patricia Marques, general director of Starbucks Vietnam, said that the purchasing power of domestic consumers recovers quickly after each peak of the pandemic. Therefore, brands do not necessarily have to wait for foreign tourists and experts to return, but can attract new domestic visitors to compensate.

“Starbucks Vietnam has chosen to open new stores in densely populated areas, instead of sticking to central business districts with expensive space rents, as a new business strategy this year,” Marques said, adding that Starbucks will continue to increase its presence with new stores in Hanoi, Danang, Ho Chi Minh City, and three more in Nha Trang this year.

The expansion of foreign coffee chains with strengths in brands, capital, techniques, and professional management processes also stimulates the rise of domestic coffee brands. The race between domestic and international beverage brands is gradually becoming more interesting with the expansion in the market share for Vietnamese brands such as Ong Bau, Trung Nguyen, The Coffee House, Phuc Long, and others.

“Three years are enough for domestic players to occupy the top position or accept to give up their position to foreign coffee chains,” said Dinh Anh Huan, chairman of The Coffee House.

CBRE Vietnam statistics for Q4 of 2020 show that the number of coffee chains is still growing by more than 10 per cent and that this is the only segment in the food and beverage industry that has achieved positive growth during the pandemic thus far.

Domestic coffee shops accelerate

Despite restructuring its Board of Directors, The Coffee House also announced further expansion this year. By the end of Q1, the chain had more than 176 stores nationwide. Under its plan, it will open at least 50 new stores by the end of 2021 and an ambitious 1,000 stores by 2025.

Tea house Phuc Long also expressed its goal to increase coverage, confirming that it would open more stores nationwide, giving priority to the central areas of Ho Chi Minh City, Dalat, Vung Tau, Nha Trang, and Danang. The only criterion this brand set is that there are no Phuc Long stores opened within a 2km radius of each other.

Franchise systems such as Trung Nguyen E-Coffee and Ong Bau have even higher opening rates.

In addition to the parallel development of Trung Nguyen Legend stores operated by the group itself, 16 new Trung Nguyen E-Coffee stores have opened since the beginning of 2021. Through concession, Trung Nguyen has now nearly 1,000 stores in Vietnam and will continue to expand its presence in all localities until reaching more than 3,000 stores nationwide.

Meanwhile, Ong Bau's coffee chain reached more than 100 locations nationwide as of October 2020. An Ong Bau representative said that the brand is working with partners with the goal of opening many more outlets into next year.

Although the race to expand stores is still fierce, coffee chains make small profit following aggressive expansion strategies.

According to the business data platform Statista, in 2019, Highlands Coffee recorded VND84 billion (\$3.6 million) in earnings before tax while Starbucks earned VND52 billion (\$2.26 million) before tax. Meanwhile, local chains recorded tens of billions of VND in earnings but still incurred losses. The Coffee House had a loss of VND81 billion (\$3.52 million) in 2019 while Trung Nguyen lost VND50 billion (\$2.17 million) in the same year. The COVID-19 pandemic has seemingly not helped matters in this regard.

Thus, it seems that not profit but expansion is the goal of both domestic and foreign coffee chains at the moment to capture market share before it reaches saturation, and also pave the way for different business directions, such as private brand export.

Strengthening local brands

According to Euromonitor International, the market for specialty coffee and tea shops in Vietnam is worth more than \$1 billion. Popular chains like Highlands Coffee, Starbucks, The Coffee House, Phuc Long, and Trung Ngyen account for less than 20 per cent of the market.

While foreign brands dominate the high-end arena, domestic coffee chains are dominating the mid-range and low-price segments.

According to marketing and branding experts, domestic coffee businesses have the advantage in terms of brands and number of stores. Although it is not impossible that financially strong foreign enterprises will acquire domestic chains, Nguyen Dinh Tung, chairman and general director of Vina T&T Group, which owns The Bunny coffee chain, believes that competition will promote the market's development and consumers are the ultimate beneficiaries.

Even if foreign players buy all the famous Vietnamese coffee chains, they cannot dominate the market, as new chains are expected to open.

It is common among most local coffee brands like The Coffee House, Trung Nguyen, and Ong Bau to produce their own branded coffee products. While Trung Nguyen owns a large growing area in the Central Highlands' Buon Ma Thuot with its ecosystem even including a coffee village, museum, and coffee shops, Ong Bau also has an 800-hectare coffee farm.

The Coffee House also owns Cau Dat farm, renowned for being on land best suited for growing Arabica coffee beans in Vietnam – which is also the homeland of the famous Dalat coffee line of the Starbucks brand.

Despite these advantages, annual coffee consumption must be large enough to sustain the chains' operating costs. Therefore, these chains are continuously expanding and thus trying to increase the annual coffee consumption.

"We want to export Vietnamese branded coffee. To do that, we must be strong and well-known in Vietnam," said Huan of The Coffee House.

Along with the retail business, many of the players in the coffee and beverages market have ambitions to become representatives for Vietnamese coffee.

Meanwhile, Trung Nguyen focuses on investing and expanding in international markets in more than 80 countries and territories, especially key markets such as China, the United States, South Korea, Russia, and Europe.

In the Asian market, Trung Nguyen Legend achieved a growth rate of nearly 200 per cent, covering supermarkets, trade centres, convenience store chains, e-commerce channels, and pharmacy systems.

In China, Trung Nguyen coffee products are being sold in nearly 30,000 supermarkets and convenience stores and are available on leading e-commerce sites such as Alibaba, Taobao, Tmall, and Yihaodian. In the US, Trung Nguyen's G7 products were presented at the Costco retail supermarket chain in 2019 with nearly 800 sale locations.

However, the export path is not only meant for large coffee brands but also for the rookies who, although not yet capable enough to expand the number of stores, still want to position themselves in the market with quality and their stories behind the coffee.

Duy Ho, CEO of The Married Beans, said that in the 10 years since inception the company has welcomed many foreign delegations to visit and enjoy the typical Lac Duong Arabica coffee cups in Dalat.

However, his brand does not focus on expanding stores but on giving customers the best experience with its products and the process of making them.

Currently, 30 per cent of 150-tonnes coffee production produced by The Married Beans is supplied to coffee shop chains and large hotels in Vietnam, with the remainder exported to Europe, Japan, and other markets.

"I don't have the pressure to compete with big coffee brands but just want to give customers a new experience of Vietnamese coffee with products that are increasingly perfect in terms of process and quality," said Duy.

[Back to top](#)

LOGISTICS

E-commerce boom triggers cold storage shortage

Vietnam is facing a shortage of cold storage facilities as demand for fresh food preservation rises with the ongoing e-commerce boom.

The nation's cold storage facilities had to operate at maximum capacity during the Covid-19 period last year after 30-50 percent of seafood orders were canceled, said Trang Bui, head of markets at real estate consultancy JLL Vietnam.

Vietnam is the world's third largest seafood exporter.

The country's cold storage facilities are mostly located in the southern region because of the large demand there, and 60 percent of the market share is owned by foreign investors, according to JLL.

One reason for the limited supply of such facilities is that their construction takes more time and costs more than that of other asset types.

A cold storage investment is two to three times that of a normal storage facility and construction takes up to six months longer.

The leasing period for such facilities typically ranges from 15-20 years, which makes supply even lower, Trang said.

Michael Ignatiadis, JLL Asia Pacific's head of supply chain and logistics solutions, said the fast-expanding middle class in Asian countries is pushing up demand for fresh food delivery and therefore the need for cold storage.

Demand for grocery deliveries is set to rise 30 percent annually in the Asia Pacific region until 2024, according to market research company Forrester.

Despite the surging demand there are very few companies participating in Vietnam's cold storage market, and none has provided a complete supply chain, Trang said.

"As Vietnam's cold supply chain is decentralized and mostly operated by small and medium suppliers, cold storage facilities are major investment opportunities," he added.

Buy2Sell Vietnam joins with CJ Logistics to boost innovation

Buy2Sell Vietnam has signed a memorandum of understanding on cooperation with CJ Logistics to support imports and exports in Vietnam.

Under the partnership, CJ Logistics will provide logistics services to e-commerce merchants and buyers of Buy2Sell Vietnam nationwide, importing goods from foreign countries into Vietnam and vice versa.

Entering Vietnam in 1996, CJ Logistics Vietnam belongs to CJ Group, one of the largest companies in South Korea covering a wide range of services like entertainment, food, agriculture, and logistics.



CJ Logistics Vietnam oversees logistics including Sea FF, Air FF, and W/L. CJ Korea Express Freight Vietnam is the first company in the country to receive the level one certificate from Transported Asset Protection Association in Vietnam. The company offers first-class logistics services in food, FMCG, electronics, steel, textile, and tire industries.

The company maintains close links with all major airlines, ports, shipping lines, terminals and serves as a global agent for international freight from Vietnam.

CJ logistics' services include import and export of cargo, special cargo, cargo insurance, IATA services, and door-to-door shipping, optional trucking services, bulk cargo, oversized cargo services, and heavy-lift cargo.

Buy2Sell Vietnam is a leading B2B e-commerce platform with the largest source of imported goods in the country since 2015.

It is distributing more than 200,000 goods from more than 60 countries around the world and has over 120,000 wholesalers in Vietnam. Buy2Sell is in partnership with UOB Bank (Financial lending BizMerchant) and large retailers like Lotte Mart and SC Vivo City.

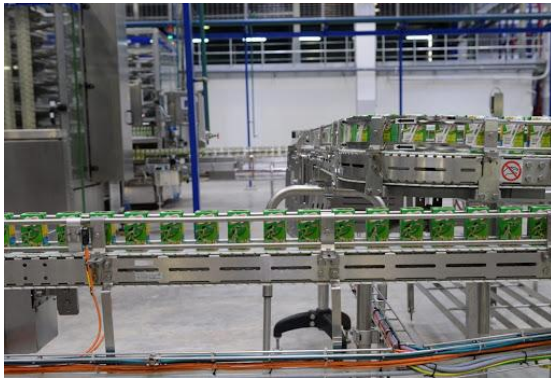
[Back to top](#)

INVESTMENT

Foreign enterprises place trust, raise investment in Dong Nai

The trust of investors in the local business climate and support from authorities for enterprises are among the main factors that have helped the southern province of Dong Nai almost reach its foreign direct investment (FDI) target for the year.

Swiss-funded Nestle Vietnam, based at the Bien Hoa 2 Industrial Park, has continually increased its charter capital since opening its first factory on-site in 1995.



Nestle's plant in AMATA City Bien Hoa Industrial Park in Dong Nai Province

In April, it added US\$132 million to its investment in a coffee production project at the Amata Industrial Park in Dong Nai, bringing the total to more than \$400 million.

Carl Khoury, a manager at the company, said it has set up four factories in Vietnam, including three in Dong Nai, and it considers the province a key destination since it boasts industrial parks with complete infrastructure, borders HCM City, the country's southern economic hub, and is served by highways and expressways favourable for goods transportation.

He noted that the company has developed continually over the last 25 years thanks in part to a sound investment climate and clear legal procedures that match international practice, both nationally and in Dong Nai.

Authorities have also swiftly dealt with any problems facing businesses, Khoury added.

In late March, the Soheung Vietnam Co Ltd, with investment from the Republic of Korea, raised its capital by \$30 million to \$80 million to expand its factory at the Long Thành Industrial Park in Dong Nai.

The company said the greatest challenge foreign businesses encounter when investing in a country is a lack of understanding about local practices and legal regulations.

However, it added, local agencies helped handle environmental and construction-related procedures, while taxation, business registration, and insurance services have been provided online, facilitating operations.

Dong Nai has attracted 66 FDI projects worth over \$680 million since the beginning of this year, while its target for the year as a whole was around \$700 million, according to the province's Industrial Zones Authority.

It is currently home to nearly 1,400 FDI projects from 41 countries and territories with combined capital of \$27 billion.

Chairman of the provincial People’s Committee Cao Tien Dung said FDI projects have contributed greatly to local socio-economic development, and Dong Nai views foreign investment as a main development resource.

The province pledges to provide the best possible conditions to investors, he noted, adding that it prioritises large-scale projects using advanced technology and skilled workers in supporting industries.

In the future, it will also boost infrastructure development, build modern residential areas, and invest strongly in education and healthcare, as investors come to the province not only to seek profit but also to enjoy a good life, Dung said. — VNS

Investment in HCM City industrial parks, zones up 23%

Investments in HCM City’s industrial parks and processing zones have risen by nearly 23% year-on-year so far this year to US\$236.1 million.

Foreign direct investment was worth around US\$125 million, double the amount that came in during the same period last year.



Hiệp Phước Industrial Park in Nhà Bè District. Industrial parks and processing zones in HCM City are attracting more and more investments despite COVID-19

Companies constructing factories and warehouses accounted for nearly 69% of the investment, with pharmaceuticals, software and food processing also accounting for major shares.

Hua Quoc Hung, head of the HCM City Export and Processing Zones Authority, said investment was increasing because Vietnam and HCM City had been controlling the pandemic well.

The city and his agency had been helping investors overcome problems caused by the pandemic and global economic instability,

which would also attract further investment, he said.

But land was running out in the city’s industrial parks and processing zones, while new industrial parks were launching too slowly due to land compensation and legality problems, he said.

Hung said his agency would speed up the construction and opening of new industrial parks to offer more land to investors.

It would also work with other agencies to acquire more land for industrial zones for use in 2021 – 25, he said.

Existing zones also have problems such as lack of technical infrastructure and pollution, he added. – VNS

More investors flock to smart-home market

The smart-home market is attracting much interest from foreign and local companies due to its enormous potential, with experts estimating it to grow into a behemoth worth millions of dollars.

According to a report by Statista, the German company providing market and consumer data, this year the market is expected to be worth US\$184 million.

The revenue is expected to show an annual growth rate of 25.01%, resulting in a projected market volume of \$449 million by 2025.

The average revenue per smart home currently is expected at around US\$77.56.

The market is expected to grow to US\$330 million in 2022, cybersecurity firm BKAV estimated.

BKAV was quoted by Investment Review as saying 500,000 households were equipped with smart-home systems by 2018.

Experts said smartphones and the internet, especially 5G technology, have becoming more and more popular among Vietnamese consumers, and increasing incomes have encouraged middle-class consumers to opt for smart-home technologies.

K. M. Leong, general manager for Southeast Asia of Xiaomi International told Viet Nam News: “Vietnam is definitely a promising and dynamic market in the region and the smart-home and IoT landscape is certainly growing.

The Government’s development directions on Industry 4.0 directly enable the advancement of technology through a number of platforms such as smartphones and common apps such as wallets, health trackers, translation, and maps.

According to Leong, Vietnam leads the world in the growth of smartphone traffic and number of millennials, and the latter’s growing tech-savviness will boost user preference for technology.

Seeing the potential, many major domestic and foreign players like Schneider, Hager, Legrand, Smartg4, Xiaomi, WattStopper, TIS Smart Home and Crestron, My Home, Kawa, Broadlink, Bluetech, Bkav Smart Home, LumiAcis Vietnam, E-smart Home, and Gamma have flocked to the market.

A Bkav spokesperson was quoted by Vietnam Investment Review as saying the smart-home market would soon boom.

A VNPT representative agreed, saying the market has great potential and is huge with millions of clients.

Many companies have launched a slew of new products. VNPT Technology has launched the ONE Home solution.

Xiaomi has continued to strengthen connectivity across devices on its AIoT platform. It plans to invest further to create better strengthen connectivity between devices on AIoT. — VNS

Proptech firms catch the eye of foreign investors

Vietnamese property technology (proptech) firms are attracting the attention of both foreign and domestic investors keen to grab a larger share of the country’s US\$500-million market. It is estimated that Vietnam has about 100 proptech companies, 80% of which are foreign-owned or receive foreign funding.



Hotel booking platform Go2Joy Vietnam raised an additional \$1.3 million from Republic of Korea (RoK) venture capital firm SV Investment just last week

Among recent investments, hotel booking platform Go2Joy Vietnam raised an additional \$1.3 million from Republic of Korea (RoK) venture capital firm SV Investment just last week.

The travel tech start-up has raised a total of \$6.1 million in investment over the last year. It closed a Series A funding round of \$2.5 million, led by STIC Ventures, KB Investment, Wonik Investment Partners and Wadiz Platform, in February 2020, and received \$2.3 million in a Series A+ funding round led by HB Investment and Platform Partners Asset Management just a few months ago.

Another Vietnamese proptech start-up, Citics, bagged \$1 million in a pre-Series A round from international and domestic investors in March.

Investors included Singapore’s Vulpes Investment Management and the RoK’s Nextrans and The Ventures. It had earlier raised \$700,000 from angel investors.

In March, Vietnam’s Homebase said it had mobilised \$125,000 from the US-based accelerator Y Combinator (YC). Last December, it secured an undisclosed sum in a pre-Series A funding round led by VinaCapital, US venture capital company Pegasus, and Singapore’s 1982 Ventures.

A.Plus Home, meanwhile, has raised \$8 million from Japan’s Daiwa PI Partners.

A property market worth around \$21 billion coupled with a young tech-savvy population are setting the scene for proptech businesses to boom in Vietnam.

The country’s real estate market remains in the early stages of development, with many problems to solve, according to Neil MacGregor, Managing Director of Savills Vietnam. Proptech is able to provide solutions to tackle these problems.

Many Vietnamese are tech-savvy and capable of picking up new technologies quickly, and proptech firms are targeting these people, particularly condo owners and users of real estate apps, he added.

[Back to top](#)

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